

CASE STUDY

WIND TURBINES IN A SIPP

APPROVED FOR CLIENT USE | JANUARY 2024



A client is considering acquiring land via a SIPP for the purposes of installing a wind turbine.

The Challenges

Ryan is seeking investment opportunities for his existing pension. He is strongly considering transferring his pension to a SIPP with Curtis Banks.

With an interest in renewable energy, Ryan is considering acquiring a plot of land within his SIPP and erecting a wind turbine thereon.

He speaks with his adviser James to seek some advice as to whether he is able to do this via a SIPP.

The Actions

James explains to Ryan that a SIPP is able to hold land as a direct property investment, assuming due diligence has been completed and satisfied as part of the acquisition. James says that the land must have its own legal access, and must not be part of a residential garden or grounds.

Ryan asks James about his plans to erect a wind turbine, which he wishes to fund from the SIPP.

James explains that the SIPP could only pay for the proposed installation of a wind turbine if explicit advice is obtained from a RICS qualified valuer that the turbine is fixed, and is not considered a 'tangible moveable asset' under HMRC regulations. James adds that the SIPP has

specific development requirements that Ryan would need to adhere to also, before any works could begin.

Ryan is keen that the SIPP benefits from any energy generated from the turbine. James informs Ryan that unfortunately, the SIPP cannot benefit from any energy produced as this would be considered 'taxable income' under HMRC regulations. Therefore in order to proceed, Ryan would need to ensure that there was a tenant occupying the property on completion of the purchase, who could directly benefit from the energy produced.

If Ryan, or a party connected to him, will be the tenant following completion, the lease must be granted on fair and reasonable market terms as advised by a RICS qualified valuer.

If the tenant were to vacate the property for any reason whilst the land and turbine were held within the SIPP, the turbine must be immediately decommissioned.

The Results

Ryan is happy with the advice received from James and instructs him to proceed with opening a SIPP with Curtis Banks. James contacts his local Business Development Manager to obtain the relevant forms, and explains at this stage Ryan's intentions.

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Important points to consider

The value of pension funds may fall as well as rise. Your money is tied up until you take your benefits. Benefits can generally be taken any time after age 55, although this is due to increase to 57 in 2028.

This information is based on our understanding of current legislation, including (but not limited to) FCA, PRA and HMRC regulation. It does not constitute any form of advice.

Contact Details

If you'd like to speak to us about anything on this fact sheet, please contact us on:

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